



Decision

Matter of: Sierra Cybernetics, Inc.

File: B-259055.2

Date: April 5, 1995

Michael A. Hordell, Esq., Gadsby & Hannah, for the protester.
Leon J. Glazerman, Esq., and Richard L. Farr, Esq., Palmer & Dodge, for Analytical Systems Engineering Corporation, an interested party.
Michael G. Skennion, Esq., and Robert W. Garrett, Esq., Department of the Army, for the agency.
Andrew T. Pogany, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Contracting agency's use of "rate checks" for verifying offeror's proposed labor rates by obtaining information from the Defense Contract Audit Agency in connection with a price reasonableness analysis is a reasonable method for verifying such costs.
2. Source selection officials in negotiated procurements have broad discretion in determining the manner and extent to which they will make use of the technical and cost/price evaluation results. In exercising that discretion, they are subject only to the tests of rationality and consistency with the established evaluation factors.

DECISION

Sierra Cybernetics, Inc. protests the award of a contract to Analytical Systems Engineering Corporation (ASEC) under request for proposals (RFP) No. DAHC90-94-R-0001, issued by the U.S. Army Intelligence and Security Command (INSCOM) for

The decision issued on April 5, 1995, contained proprietary information and was subject to a General Accounting Office protective order. This version of the decision has been redacted. Deletions are indicated by "[deleted]."

engineering, technical, and management support service Sierra principally argues that the agency failed to conduct an adequate cost realism analysis, that the agency misevaluated proposals and failed to perform a proper cost/technical tradeoff, and that the agency did not adequately document its decision to award to a lower-rated, lower-priced offeror.

We deny the protest.

BACKGROUND

The RFP was issued on March 18, 1994. The RFP contemplated a fixed-price requirements contract for a base period with 4 option years and generally requested prices on an hourly basis for various labor categories, such as program manager; senior, mid-level and junior engineer; scientist; system analyst and program analyst; and administrative and clerical personnel.¹ The RFP specified the experience and educational levels generally for each labor category. The schedule contained estimated total hours for each labor category being solicited. The RFP stated that the government reserved the right to make an award that is most advantageous to the government to the responsible offeror whose proposal was determined to be technically superior, cost and other factors considered; the RFP noted that this "could result in contract award" to other than the offeror with the lowest price. The RFP also stated the proposals would be evaluated in terms of completeness, adequacy, feasibility, understanding of requirements, experience, consistency, and responsiveness of the contractor's proposal.²

¹The requirement is for the contractor to provide the INSCOM Force Modernization Directorate with system engineering, program management, and scientific and technical analysis support; including support in the areas of new intelligence concepts, organizations and systems, as well as data deliverables. The RFP required the successful contractor to provide these services pursuant to specific delivery orders issued by the agency.

²The RFP's schedule generally contained a single labor category encompassing the senior engineer, scientist, systems analyst, and program analyst. It had a similar category encompassing mid-level professionals, as well as a labor category for junior professionals.

³The RFP also stated that an "overriding consideration will be the confidence/commitment generated by the proposal that the offeror can and will provide highly qualified,

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The RFP contained the following technical evaluation criteria in descending order of importance: (1) person (including demonstrated expertise and academic criteria); (2) understanding of and responsiveness to the requirements; (3) technical adequacy of proposed approach; and (4) organizational qualifications (including corporate experience).⁴ Concerning cost/price evaluation, the RFP simply stated that "the estimated hours for the base and 4 option years will be totaled." The RFP did not require the agency to perform any specified cost realism analysis.

Ten proposals were received by the initial closing date of April 18, including proposals from Sierra and ASEC. The agency's SSEP evaluated and scored the proposals. The contracting officer subsequently determined that Sierra's, ASEC's, and two other offerors' proposals were in the competitive range. Discussions were conducted, and best and final offers (BAFO) were received. The following were the final technical and price results of the four offerors:

<u>Offeror</u>	<u>Technical</u>	<u>Price</u>
Sierra	[deleted]	[deleted]
ASEC	[deleted]	[deleted]
Offeror A	[deleted]	[deleted]
Offeror B	[deleted]	[deleted] ⁵

The contracting officer states that although Sierra was clearly the technically superior offeror, it was also the highest priced. When he compared ASEC, which was second ranked, to Sierra, "it became clear [to him] that the substantially higher costs of Sierra did not justify the additional technical capability." The contracting officer, pursuant to a "best value" determination, therefore awarded the contract to ASEC. This protest followed.

³(...continued)
experienced and cleared personnel for each effort covered by the contract."

⁴During the subsequent evaluation, the agency gave the following weights to the evaluation factors: personnel--50 points; understanding of and responsiveness to the requirement--20 points; technical adequacy of proposed approach--15 points; and organizational qualifications--15 points, for a maximum possible point score of 100. However, the agency employed three evaluators on the source selection evaluation panel (SSEP), and thus the maximum score possible was 300 points, that is, 100 points from each evaluator.

⁵The government estimate was [deleted].

COST REALISM ANALYSIS

Sierra first alleges that the agency, in view of ASEC's "drastic[ally lower] price," failed to conduct an adequate "cost realism analysis" to determine "whether ASEC could perform all of the tasks set forth in the [statement of work] within the pricing structure provided in its offer. Sierra states that the agency improperly placed full reliance on the "accuracy and integrity" of the pricing data submitted by ASEC.⁶ Sierra compares ASEC's proposed personnel rates with those of the government's Bureau of Labor Statistics and Institute of Electrical and Electronics Engineers to show that ASEC's rates are unrealistic. In short, Sierra believes that ASEC will be unable to provide (at the prices proposed) the highly qualified engineers and scientists required to support the RFP's statement of work.

Here, in reviewing the reasonableness of the proposed labor rates, the agency requested rate checks from the Defense Contract Audit Agency (DCAA), obtained specific information for each of ASEC's labor categories, and evaluated ASEC's proposal consistent with this information from DCAA. Our review of the spreadsheets containing each offeror's labor rates show that DCAA accepted ASEC's proposed rates as submitted. In this regard, we have upheld as reasonable an agency's use of rate checks from DCAA in connection with a cost or price realism analysis. See Systems Research Corp., B-237008, Jan. 25, 1990, 90-1 CPD ¶ 106; Radian, Inc., B-256313.2; B-256313.4, June 27, 1994, 94-2 CPD ¶ 104. Accordingly, we find no basis to disturb the agency's determination that ASEC's labor rates would permit the contractor to furnish the qualified personnel necessary to meet the contract requirements.

COST/TECHNICAL TRADEOFF

Sierra argues that its proposal was "vastly superior" to ASEC's proposal. Sierra states that ASEC's technical score was unjustifiably "inflated" as allegedly shown by the narrative descriptions of the evaluators.⁷ Sierra contends

⁶Sierra notes that ASEC made pricing errors in its initial proposal, such as its failure to price outside facilities usage. We merely note that these discrepancies were raised during discussions by the agency and were corrected by ASEC in its BAFO, in which ASEC slightly increased its price.

⁷The evaluation was based largely on scoring; the narrative comments by evaluators were skimpy and isolated. The protester emphasizes these isolated comments, such as one evaluator's opinion that Sierra's "powerful organizational (continued...)

that the personnel proposed by ASEC did not meet all of the statement of work requirements and were therefore unqualified.

First, the agency concedes that Sierra's proposal was technically superior to ASEC's proposal. However, Sierra's contention that ASEC did not propose fully qualified personnel for each labor category is simply factually erroneous. We have reviewed the evaluation documents and found no instance where the evaluators found any personnel unqualified under the employee qualification standards established by the RFP. In this regard, the protester itself has not identified any personnel or labor category in ASEC's proposal that failed to meet at least the minimum requirements of the RFP. The evaluators' generally found ASEC's proposal to be good to excellent in all evaluation areas.

Second, source selection officials in negotiated procurements have broad discretion in determining the manner and extent to which they will make use of the technical and cost/price evaluation results. See Grey Advertising, Inc., 55 Comp. Ger. 1111 (1976), 76-1 CPD ¶ 325. In exercising that discretion, they are subject only to the tests of rationality and consistency with the established evaluation factors. Id. Here, given ASEC's vastly lower price, and given its generally high technical score, we think the contracting officer could rationally determine that award to ASEC represented the best value to the government. Nothing in the record shows otherwise.

DOCUMENTATION OF AWARD DECISION

Sierra, noting the skimpy narrative evaluations and the agency's heavy reliance on scoring, argues finally that the agency failed to provide adequate documented justification for its award decision. Specifically, Sierra argues that since there is inadequate supporting documentation and rationale in the record for a decision to make an award to a lower-priced offeror with a lower technical ranking, our Office has no basis to conclude that the agency had a reasonable basis for the evaluation and selection decision.

We do not here find objectionable the relatively sparse narrative evaluations provided by the agency. First, notwithstanding the evaluation criteria listed in the RFP, this procurement was a labor hour effort which essentially

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task force arrangement [and] strong conglomerate of organizations with proven and innovative capabilities" show the firm's "excellen[ce] in all areas."

required each offeror to simply propose a certain number of employees with at least minimum qualifications that were set forth in the RFP. The procurement was not complex, and the proposals did not require inordinate technical expertise to evaluate. Second, the scoring in this evaluation had a specific and rationally understandable meaning that was explained in the agency's evaluation plan and was contained in the evaluation documents that were submitted to the contracting officer by the evaluators. For example, a score of "Excellent (8-10 points)" meant the following:

"Management and technical personnel have extensive experience in providing support for the acquisition and fielding of INSCOM, or similar, Intelligence and Electronic Warfare systems. At least four personnel have participated in the complete cycle from concept development through fielding of two fielded or demonstration systems."

Thus, the contracting officer, in our view, was provided by the evaluators, by their scoring, which had previously defined meaning, with sufficient information on which to rationally conclude that ASEC was the best value offeror, in view of ASEC's substantially lower price and the relative equality of ASEC's and Sierra's technical scores. Specifically, since the procurement was relatively simple (essentially "go/no go" with regard to personnel qualifications at the minimum mandatory level), and since ASEC, while rated lower than Sierra, proposed fully qualified personnel and had an excellent reputation as a contractor within the intelligence community, we have no basis to object to the contracting officer's selection decision.

The protest is denied.

Robert P. Murphy
General Counsel